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10 UNITED STATES BANKRUPTCY COURT  
11 IN AND FOR THE EASTERN DISTRICT OF WASHINGTON

12 In re:

13 No.: 08-01669-FLK11

14 COLUMBIA RIVER FISH FARMS, L.L.C.,  
15 a Washington Limited Liability  
16 Company,

17 Chapter 11

18 CONCLUSIONS OF LAW

19 Debtor.

20  
21 **THIS MATTER** came on for hearing on the filing of the Plan of Reorganization  
22 ("Plan"), and the Court having herein entered its Findings of Fact, based upon the  
23 evidence produced, the Court now makes the following:

24 **CONCLUSIONS OF LAW**

25 1. The Plan has been accepted in writing by the creditors and equity security  
holders whose acceptance is required by law; and

2. The provisions of Chapter 11 have been complied with; the Plan has been  
proposed in good faith and not by means forbidden by law; and

3. (i) Each holder of a claim or interest has accepted the Plan or will receive or  
retain under the Plan, property of a value, as of the effective date of the Plan, that is not  
less than the amount that such holder would receive or retain if the Debtor were liquidated  
under Chapter 7 of the Code on such date, or (ii) the Plan does not discriminate unfairly,

Conclusions of Law-1

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1 and is fair and equitable with respect to each class of claims or interest that are impaired  
2 under the Plan and has not accepted the Plan; and

3       4. All payments made or promised by the Debtor or by a person issuing  
4 securities or acquiring property under the Plan or by an other person for services or for  
5 costs and expenses in, or in connection with, the Plan and incident to the case, have been  
6 fully disclosed to the Court and are reasonable or, if to be fixed after confirmation of the  
7 Plan, will be subject to approval of the Court; and

8       5. The identity qualifications and affiliations of the persons who are to be  
9 directors or officers, if any, of the Debtor after confirmation of the Plan have been fully  
10 disclosed, and the appointment of such persons to such offices or the continued  
11 appointment of such persons to such offices, or their continuance therein, is equitable and  
12 consistent with the interests of the creditors and equity security holders and with public  
13 policy; and

14       6. The identity of any insider that will be employed or retained by the Debtor  
15 and their compensation has been fully disclosed; and

16       7. (i) Confirmation of the Plan is not likely to be followed by the liquidation or  
17 the need for further financial reorganization of the Debtor or (ii) if the Plan is a Plan of  
18 liquidation, the Plan sets a time period in which liquidation will be accomplished, and  
19 provides for eventuality if the liquidation is not accomplished in that period; and

20       8. Substantial consummation shall not occur before the sixtieth (60<sup>th</sup>) day after  
21 the Effective Date; and

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Conclusions of Law-2

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1           9.     Closing of Case: Thirty (30) days following the filing of the final account, the  
2 final decree will be entered and the case shall be closed, unless a motion is filed  
3 requesting that the final decree not be so entered; and

4           10.    Debtor's Plan shall be confirmed, subject to the following:

5                 Notwithstanding any provision of the Plan to the contrary:

6                 a.     The administrative expenses, if any, of the United States of  
7 America, Internal Revenue Service ("IRS"), shall be paid as a Class 1 claimant, to  
8 the extent funds are available, on a pro rata basis with all Class 1 Claimants,  
9 excluding, however, sums already paid toward Court approved professional fees,  
10 pursuant to the Order (I) Authorizing And Approving Fourth Revised Summary of  
11 Proposal For Purchase Of Assets of Columbia River Fish Farms, LLC Made By  
12 Dulcich, Inc. dba Pacific Seafood Group or its Assigns; and (II) Authorizing and  
13 Approving Sale of Assets of Debtor Free and Clear of Liens, Claims, and Interest,  
14 entered by Order of Court on September 5, 2008 ("Sale Order"); Said administrative  
15 expenses shall include, but not limited to, any and all capital gains owing from the  
16 sale of estate assets;

17                 b.     All tax returns due at the time of confirmation shall be filed  
18 prior to entry of the Confirmation Order, and future returns evidencing the sale of  
19 estate assets shall be timely filed;

20                 c.     At the time any Class 2 wage Claimant(s) receive(s) a  
21 distribution, if any, the IRS shall receive at the same time the employment taxes  
22 and tax returns associated with said distribution;

23                 Conclusions of Law-3

24                 SOUTHWELL & O'ROURKE, P.S.  
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- 1                   d.     The general unsecured claim of the IRS in the approximate  
 2                   amount of \$3,180.53 shall be treated as a Class 11 claim; and
- 3                   e.     The secured claim of Norcan Electric Systems, Inc. shall be  
 4                   allowed as a Class 10 claim, which has been paid in full by Dulcich, Inc. dba Pacific  
 5                   Seafood Group pursuant to the Sale Order; and
- 6                   f.     The Bankruptcy Estate of Columbia River Fish Farms, LLC is  
 7                   administratively insolvent. The total amount of funds available to be applied toward  
 8                   unpaid administrative expenses is approximately \$112,037.31. Upon approval of  
 9                   Debtor's Chapter 11 Plan of Reorganization, as amended, Southwell & O'Rourke,  
 10                  P.S. shall be authorized to disburse from the Debtor's estate account and pay  
 11                  dividends on a pro rata basis estimated as follows:

13               Administrative Expense 14               Claimant	13               Amount of Administrative 14               Expense	13               Estimated 14               Projected Distribution
15               Andre Leblanc	\$4,642.31	\$3,410.11
16               Brown Line LLC	\$1,673.55	\$1,229.34
17               Cascade Analytical, Inc.	\$332.54	\$244.27
18               Chevron and Texaco Card 19               Services	\$9,573.73	\$7,032.59
20               Coulee Hardware	\$4,065.18	\$2,986.17
21               Dave and Kathy Winzer	\$725.00	\$532.56
22               Department of Labor & Industries	\$5,509.43	\$4,047.07
23               Diebel's Welding & Machine, Inc.	\$768.08	\$564.21
24               Employment Security	\$999.36	\$734.10
25               Ford Elsaesser	\$6,000.00	\$4,407.43
Internal Revenue Service	\$3,349.58	\$2,460.50
Les Schwab Tire Center	\$252.50	\$185.48
Meyer Tax Service	\$8,296.60	\$6,094.45
Pepe'	\$49.14	\$36.10
Progressive	\$154.14	\$113.23
RPM Transport	\$9,900.00	\$7,272.26
Southwell & O'Rourke	\$65,542.29	\$43,068.26
Sprint	\$281.29	\$206.63

Conclusions of Law-4

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1	The Computer Specialist LLC	\$85.00	\$62.44
2	TNT Welding & RV	\$1,514.38	\$1,112.42
3	Unicel (Rural Cell)	\$5,107.38	\$3,751.74
	US Trustee Fees	\$5,610.97	\$4,121.66
	Werner Jost (Fortune Bay)	<u>\$25,000.00</u>	<u>\$18,364.29</u>
	<b>TOTAL</b>	<u>\$159,432.45</u>	<u>\$112,037.31</u>

4  
5 All professional fees shall be subject to application and Court approval, pursuant to  
6  
7 11 U.S.C. § 330.

8 PRESENTED BY:

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10 SOUTHWELL & O'ROURKE, P.S.  
11  
12 BY:/s/ Kevin O'Rourke  
13 KEVIN O'ROURKE, WSBA #28912  
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S. O'Rourke this 15<sup>th</sup> day  
of July, 2009  
Kevin L. O'Rourke  
Judge

Conclusions of Law-5

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